



# ARIZONA STATE RETIREMENT SYSTEM

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*Paul Matson*  
Director

## SUMMARY OF THE MEETING OF THE ARIZONA STATE RETIREMENT SYSTEM INVESTMENT COMMITTEE

HELD ON  
Monday, August 31, 2009  
2:30 p.m.

The Investment Committee (IC) of the Arizona State Retirement System (ASRS) met at 3300 N. Central Avenue, 14th Floor Conference Room, Phoenix, Arizona 85012. Mr. Tom Connelly, Chair of the IC, called the meeting to order at 2:35 p.m., Arizona Time.

### Call to Order; Roll Call; Opening Remarks

Present: Mr. Thomas Connelly, Chair – via teleconference  
Mr. Christopher Harris, Vice-chair – in person  
Mr. Lawrence Trachtenberg – via teleconference  
Mr. James McLaughlin – via teleconference

A quorum was present.

### 1. Approval of the Minutes of the August 17, 2009, Regular Session IC Meeting

**Motion:** Mr. Tom Connelly moved the minutes of the August 17, 2009, Regular Session IC meeting be adopted as presented. Mr. Larry Trachtenberg seconded the motion.

By a vote of 4 in favor, 0 opposed, 0 abstentions, and 0 excused, the motion was approved.

### 2. Presentation, Discussion, and Appropriate Action Regarding Private Partnership Investment Principles

Mr. Gary Dokes introduced the topic. Mr. Richard Henkel discussed the topic related to Private Partnership Investment Principles as they relate to terms and conditions which, if successfully negotiated with General Partners (GP), may enhance Limited Partners (LP) in the area of governance, alignment of interest and transparency.

### 3. Presentation, Discussion, and Appropriate Action Regarding the Asset Class Committee Meeting Protocol

Mr. Gary Dokes introduced the agenda item. This agenda item was added to clarify the protocol for scheduling, canceling, determining agenda topics, and other administrative functions related to the management of the investment asset class committees. Asset class committees are led by Mr. Paul Matson, Director and Mr. Gary Dokes, Chief Investment Officer.

Mr. Dokes asked the IC if there were any changes they wanted to make. Mr. Matson asked the IC if they had a recommendation to change this protocol. None were recommended.

#### **4. Presentation, Discussion, and Appropriate Action Regarding ASRS Investment Goals and Objectives**

Mr. Matson presented a set of Investment Goals and Objectives that describe the macro-level expected outcome the ASRS seeks to achieve. Each investment goal contains a measurable objective which if met should achieve the Board-approved Purpose, Vision, and Investment Principles for the agency.

The ASRS Investment Goals and Objectives are:

Goal #1: Achieve a total fund rate of return equal to or greater than the ASRS actuarial assumed interest rate.

Measurable Objective: Achieve a 10-year rolling annual rate of return equal to or greater than 8%.

Goal #2: Achieve a total fund rate of return equal to or greater than the ASRS Strategic Asset Allocation Investment Policy.

Measurable Objective: Achieve annual and 3-year rolling annual rates of return equal to or greater than the ASRS Strategic Asset Allocation Investment Policy.

Goal #3: Achieve a total fund rate of return equal to or greater than the ASRS Asset Allocation Study expected rate of return.

Measurable Objective: Achieve a 5-year rolling annual rate of return equal to or greater than the ASRS Asset Allocation Study expected rate of return.

Goal #4: Achieve dollar-weighted composite asset class net rates of return equal to or greater than their respective broad asset class benchmark per ASRS Strategic Asset Allocation Investment Policy.

Measurable Objective: Achieve annual and 3-year rolling dollar-weighted composite asset class net rates of return equal to or greater than their respective broad asset class benchmark.

Goal #5: Achieve portfolio-level net rates of return equal to or greater than their respective asset class benchmark.

Measurable Objective: Achieve portfolio-level annual and 3-year net rates of return equal to or greater than their respective asset class benchmark.

Goal #6: Ensure sufficient monies are available to meet ASRS cash flow requirements for pension benefits, health insurance, member refunds, administrative payments and other requirements.

Measurable Objective: Ensure all distribution payments, refunds and other cash flow requirements are made from available cash balances and without utilizing alternate liquidity options.

A further discussion will occur at a subsequent IC meeting when the review of the ASRS Quarterly Performance Report new format is discussed.

## **5. Presentation, Discussion, and Appropriate Action Regarding the ASRS Investment Risk Assessment**

Mr. Dokes discussed the details of trades, authorizations for second signatures, and the checks and balances the ASRS uses to mitigate risk. Ms. Sarah Wadsworth, Senior Portfolio Analyst discussed the ASRS Investment Risk Assessment and how it primarily focuses on the investment operational risks, risk budgeting and a review of Standard Operating Procedures pertaining to the oversight of ASRS' internally and externally managed portfolios, investment managers, investment consultants and investment placement agents.

## **6. Future Agenda Items**

No future agenda items noted.

## **7. Call to the Public**

No members of the public requested to speak to the IC.

The meeting adjourned at 4:37 p.m.

Respectfully submitted,

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Andriana Valentino, Secretary      Date

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Gary R. Dokes, Chief Investment Officer      Date